

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 99-901

December 30, 1999

Public Advocates Petition to Investigate  
Revenues and Rates of Northern  
Utilities

NOTICE OF SUMMARY  
INVESTIGATION AND  
PROCEDURAL ORDER

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On December 14, 1999, the Office of the Public Advocate (OPA) filed a request that the Commission initiate an investigation to determine whether the rates of Northern Utilities, Inc. (Northern) are just and reasonable. OPA believes that Northern may be overearning. In support of its view, the OPA filed a preliminary rate-of-return analysis performed by consultant Stephen G. Hill.

The OPA's request and the related analysis focuses principally upon rate-of-return and related issues and does not directly address the question of whether Northern's current rates are likely to produce a reasonable earned rate of return. Thus, even if the Commission accepted the Public Advocate's analysis in its entirety, it would not be able to conclude from this evidence that Northern's rates are unreasonably high. The Commission will require further information regarding Northern's actual earnings in order to determine that Northern's current rates continue to be reasonable and that this case can be resolved.

We will conduct a preliminary review of this matter as a summary investigation under 35-A M.R.S.A. §1303(1). We will begin a formal investigation if our summary investigation produces evidence that sufficient grounds exist to warrant one.

By letter dated December 23, 1999, Northern requested that the Commission allow Northern an adequate opportunity to review and respond to the OPA's filing before taking any action on the request. By this order we grant Northern's request and establish January 14, 2000 as the date for filing a response to the OPA's petition.

In its filing, Northern should provide an analysis which shows its actual earnings for its Maine Division in a recent 12-month period and, to the extent it is feasible, the projected earnings for the Maine Division for a reasonable future 12-month period. Such analysis of recent historical or likely future earned rates of return is critical to evaluating whether Northern may be overearning. Our review of Northern's analysis could result in our determining that current rates are reasonable. However, it may be that a further analysis of Northern's rates may be necessary prior to reaching any conclusion. To the extent that Northern can provide full and complete information its initial analysis, it could facilitate a determination that no further inquiry is necessary.

A copy of this notice is being sent to the service list in Docket No. 97-393.

Dated at Augusta, Maine, this 30<sup>th</sup> day of December, 1999.

BY ORDER OF THE HEARING EXAMINER

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Carol A. MacLennan